

Bangladesh market snapshot

	Last closing
DSEX Index	6,265.16
% change	0.03%
DS30 Index	2,136.44
% change	-0.11%
DSES Index	1,358.75
% change	0.13%
Turnover (BDT mn)	4,760.77
Turnover (USD mn)	44.91
% change	22.90%
Market Capitalization (BDT bn)	7,769
Market Capitalization (USD bn)	73.29
% change	0.00%

Source: Dhaka Stock Exchange

International market snapshot

	Last closing
Dow Jones Industrial Average	33,984.54
% change	0.93%
Nikkei 225	31,944.31
% change	0.90%
FTSE 100	7,630.63
% change	0.41%

Source: Bloomberg

Exchange rate

	Low (BDT)	High (BDT)
USD	110.50	110.50
EUR	116.12	116.17
GBP	134.16	134.24
INR	1.33	1.33

Source: BB

Money market

Date	Call Money Rate Range (%)	Weighted Average (%)
16-Oct-2023	6.75-8.50	7.47
15-Oct-2023	6.75-8.75	7.48

Source: BB

Commodities

	Price	% Change
Brent Crude (Oil), USD/bbl.	89.62	-0.03%
Gold Spot, USD/t oz.	1,916.19	-0.21%
Cotton, USD/lb.	84.80	-0.41%

Source: Bloomberg

Macro

\$781.23m in remittances received in first 13 days of October

Bangladesh Bank's latest data shows, \$781.23 in remittance have been received thus far in the first 13 days of October, which was \$740 million in the first 15 days of September. The final figure for September was recorded at \$1.34 billion in inward remittances, marking a 41-month low.

<https://www.dhakatribune.com/business/banks/328077/781.23m-in-remittances-received-in-first-13-days>

BB sells \$3.75bn to banks in three months despite dollar scarcity

The Bangladesh Bank sold \$3.75 billion to banks from July 1 until October 8 this calendar year, as the country's banks were struggling with a severe dollar crisis. Over the past two financial years, a total of \$21.12 billion was drawn from the reserve, with \$13.5 billion in FY23 and \$7.62 billion in FY22.

<https://www.dhakatribune.com/business/banks/328200/bb-sells-3.75bn-to-banks-in-three-months-despite>

Industrial output index dives amid inflation, fist-tightening

Major production sector in Bangladesh slips in rebound from a global upset as the country's industrial-output index showed the deepest drop at the end of past fiscal year, with food, clothing, paper, and printing shrinking. Half of the large-scale manufacturing (LSM) industrial sectors in Bangladesh marked decline in June on a year-on-year basis.

<https://today.thefinancialexpress.com.bd/first-page/industrial-output-index-dives-amid-inflation-fist-tightening-1697481037>

Dollar crisis spurs rise in reinvested earnings, but new FDI shrinks

Bangladesh saw a record increase in reinvested earnings by foreign companies operating here in the fiscal 2022-23 and a significant decline in fresh investments. Reinvested earnings soared by 16% to \$2.37 billion year-on-year in FY23. On the contrary, equity capital or new investments dropped to below \$796 million from \$1.35 billion a year ago.

<https://www.tbsnews.net/economy/dollar-crisis-spurs-rise-reinvested-earnings-new-fdi-shrinks-720170>

IMF's fiscal oversight extends to Bangladesh's dev budget

The IMF has called upon the government to oversee the management of the development budget with the implementation of the multi-year plan which presents the list of investment projects by sector and institution for 2022-2025 and the amounts allocated to each one.

<https://www.tbsnews.net/economy/imfs-fiscal-oversight-extends-bangladeshs-dev-budget-720190>

19% revenue growth needed to meet IMF target for FY24: NBR

The National Board of Revenue (NBR) will need to increase its collection by approximately 19% year-on-year in FY24 to meet the

target set by the IMF. Revenue in FY23 exceeded Tk1.31 lakh crore, representing an 11% increase compared to the previous year but falling short of the Tk3.70 lakh crore target. The NBR's target for the current fiscal year has been set at Tk4.30 lakh crore.

<https://www.tbsnews.net/nbr/19-revenue-growth-needed-meet-imf-target-fy24-720102>

IMF urged to downsize forex reserves to \$20b as term for next loan instalment

Bangladesh has now requested the International Monetary Fund (IMF) to lower the requirement of foreign exchange reserves at \$20 billion as a condition of releasing the second installment of the \$4.7 billion loans.

<https://today.thefinancialexpress.com.bd/last-page/imf-urged-to-downsize-forex-reserves-to-20b-as-term-for-next-loan-instalment-1697481411>

Export to Russia rebounds on alternative measures

Following the outbreak of the war, the shipment of goods almost stopped and many Russia-bound ships had to wait for the green signal at Chattogram port. However, the shipments were finally made through alternative routes -- Poland and Germany. Local exporters have been accepting payment in Chinese yuan, and in some cases the Russian importers are paying the local exporters in US dollars. Garment shipment to Russia grew by 45.65 % year-on-year in the July-September period of the current fiscal year to \$42.30 million.

<https://www.thedailystar.net/business/economy/news/export-russia-rebounds-alternative-measures-3445311>

Capital Market

A stock market intermediary can borrow Tk2cr from stabilisation fund

The Capital Market Stabilisation Fund (CMSF) has decided to disburse loans of Tk2 crore to each applicant stock market intermediary, enabling them to make investments in the capital market. The loan disbursement amount was finalised at the fund's board meeting held on 11 October, where the loan interest rate was set at 9%.

<https://www.tbsnews.net/economy/stocks/stock-market-intermediary-can-borrow-tk2cr-stabilisation-fund-719366>

IMF wants to know why stock turnover fell

The visiting mission of the IMF inquired about the reasons behind the recent fall in turnover in Bangladesh's stock market. They made the query at a meeting with the officials of the Bangladesh Securities and Exchange Commission (BSEC). In response, the commission said a liquidity shortage in the market has caused the drop in turnover. The delegation also wanted to know about the development of the securities market.

<https://www.thedailystar.net/business/news/imf-wants-know-why-stock-turnover-fell-3445226>

Stock

Desco suffers losses for first time in 20 years

State-run Dhaka Electric Supply Company Ltd (Desco) suffered a loss in FY23, for the first time in 20 years, as the cost to buy bulk electricity rose at a higher rate than the spike in retail prices. Desco incurred losses of Tk 541 crore in the financial year ending in June 2023. EPS of the company became negative at Tk 13.61 for the year ending on June 30 this year.

<https://www.thedailystar.net/business/economy/news/desco-suffers-losses-first-time-20-years-3445321>

BSRM sees profits fall despite record turnover

BSRM Ltd, the largest steelmaker in Bangladesh, said its profits fell in the financial year ending in June 2023 even though it recorded 44 % higher sales to take the turnover to over Tk 11,500 crore. The steelmaker recorded a 5 % drop in its profit year-on-year to Tk 291.3 crore in the July-June period of FY23. BSRM's EPS declined to Tk 9.76 during the last financial year from Tk 10.34 in FY22.

<https://www.thedailystar.net/business/economy/news/bsrm-sees-profits-fall-despite-record-turnover-3444836>

Shipping Corporation sees 9pc profit growth in FY23

The state-run Bangladesh Shipping Corporation (BSC) has maintained a steady growth in profit for the last three fiscal years, with a 9 % rise in income to Tk 2.46 billion in FY23. The company made Tk 2.26 billion in profit in FY22.

<https://today.thefinancialexpress.com.bd/stock-corporate/shipping-corporation-sees-9pc-profit-growth-in-fy23-1697479504>

Matin Spinning's profit plunges as cost of goods sold escalates

Yarn producer Matin Spinning Mills gained 59.41 % lower profit to Tk 427 million in FY23, compared to the year before, as raw material prices, fuel cost and finance cost soared.

<https://today.thefinancialexpress.com.bd/stock-corporate/matin-spinnings-profit-plunges-as-cost-of-goods-sold-escalates-1697479445>

Bank and NBFIs

Banks suffering for growing liquidity stress

A majority of banks in Bangladesh are facing difficulties to run their activities due to a liquidity crisis, according to industry people. The liquidity crunch deepened further as the central bank recently raised the policy rate to tackle ongoing inflationary pressure in the country. As of October 15, 20 banks and one NBFIs took Tk 18,381 crore under the repo facility, standing lending facility, liquidity support facility and Islamic banks liquidity facility to meet their liquidity shortage.

<https://www.thedailystar.net/business/economy/news/banks-suffering-growing-liquidity-stress-3445351>

Agent banking loan disbursement up 24pc in August as remittance takes a hit

Loan disbursement through agent banking surged by 24.12 % in August this year to over Tk 8.43 billion from July's Tk 6.79 billion. With deposit collections hovering at Tk 347.77 billion, August registered a mere 1.5 % uptick in deposit growth. But the crucial remittance inflow took a massive 36.44 % hit to plummet to Tk 19.77 billion from July's over Tk 31.09 billion.

<https://today.thefinancialexpress.com.bd/last-page/agent-banking-loan-disbursement-up-24pc-in-august-as-remittance-takes-a-hit-1697481456>

Consumer Electronics

Locally made TVs dominate market

Locally manufactured and assembled televisions now dominate the country's TV market, with an enormous 90 % market share. Now, the total market is worth around Tk 4,600 crore with an average local demand of over 1 million units per year.

<https://www.thedailystar.net/business/news/locally-made-tvs-dominate-market-3445401>

Automobile

Reconditioned car imports, sales decline

Both imports and sales of reconditioned cars declined due to price increases. However, the market for brand-new cars fared slightly better, achieving steady growth despite falling sales. Imports of reconditioned cars dropped 10 % during the July to September. 892 private passenger cars were registered with the Bangladesh Road Transport Authority (BRTA) per month this year compared to 1,391 per month last year.

<https://www.thedailystar.net/business/economy/news/reconditioned-car-imports-sales-decline-3444826>

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We calculate our target price by weighting DCF, DDM, SOTP, asset-based and other relative valuation methods, and applying appropriate premiums/ discounts and/or other relevant adjustments.

Expected absolute returns are calculated as the % of difference between our target price and latest close price. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Please note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

Recommendation Type	Holding period (if not otherwise mentioned)	Absolute Return Potential
Buy	12 Months	More than +15%
Neutral/ Hold	12 Months	Between -5% and +15%
Underweight	12 Months	Less than -5%

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Feni +880 1324 243 210	Khatungonj +880 1713 205 742	Chawkbazar +880 1817 206 965	Madhobdi +880 1324 243 156	
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